

STAT

**Page Denied**

STAT

THE PLANNING OF RETAIL COMMODITY TURNOVER IN THE USSRPlanovoye Khozyaystvo, No 1  
Moscow, 1955

V. Moskvina

The socialist state controls all basic activities of state and cooperative trade organizations (i.e., the organized market) -- the volume of retail commodity turnover, including the turnover of public eating enterprises; marketable commodity stocks and the sources of their origin; the allocation of commodities in trade systems and regional areas of the USSR; retail prices; the plans for expanding the retail trade network and warehouse system; the plan for the number of trade workers and their wages; tasks for reducing distribution costs; and the financial plan indexes.

The volume of retail commodity turnover of state and cooperative trade is the basic index in the plan for development of Soviet trade. It reflects the steady increase of consumer-goods production in the socialist economy, and the increase of money incomes of the population -- the wages of workers and employees and the money incomes of the kolkhoz peasantry. Although the USSR retail commodity turnover does not cover the total consumption of the population, it serves as the most important index of the increase in national consumption and of the increase in the material welfare of the Soviet people.

Expansion of retail commodity turnover is integrally connected with monetary circulation. The distribution of commodities is effected with the aid of money; therefore, a certain volume of retail commodity turnover presupposes the presence of a certain quantity of money in circulation. An increase in commodity turnover causes an increase in the quantity of money in circulation. At the same time, the expansion of retail commodity turnover stabilizes monetary circulation and strengthens the Soviet ruble. The huge masses of commodities belonging to the state and sold through Soviet trade at state retail prices are the basis of stability of the Soviet ruble. The indexes of the cash plan of Gosbank USSR are thus predetermined to a considerable extent by the volume of retail commodity turnover of state and cooperative trade.

The volume of commodity turnover by individual commodity groups, especially for such bulky consumer goods as bread products, sugar and confectionery goods, salt, and meat and fish products, is very important in planning the freight turnover.

The planning of retail commodity turnover must conform to requirements of the basic economic law of socialism, guarantee the most complete development of production at a given level, and satisfy the constantly increasing commodity requirements of socialist society.

The state plan of retail commodity turnover is worked out according to directives of the Communist Party and the Soviet government for the development of Soviet trade.

Chief tasks of planning retail commodity turnover at present (January-February 1955) are as follows: (1) guaranteeing the program of the further development of Soviet trade proposed by the party and government, and (2) increasing the supply to workers of all the most important food and manufactured commodities.

The increased demand and the purchasing power of the population are based primarily on the increase of money incomes; therefore, the most important requisite for the planning of retail commodity turnover is the correct determination of money incomes of the population which are to be used for purchasing commodities in the Soviet trade system (purchasing funds).

STAT

The size of the purchasing funds (pokupatel'skiye fondy) depends on the total money income of the population as well as on the allocation of monetary expenditures of the population for commodity and noncommodity (netovarnyye) expenditures. Less than one fourth of all money incomes of the population are used in noncommodity expenditures -- payment for municipal, transport, cultural, and other types of services, as well as taxes and obligatory and voluntary payments. More than three fourths of the money incomes of the population are expended for commodities purchased in the Soviet trade system, and make up the purchasing funds of the population.

In balancing the money incomes and expenditures of the population, the size of the purchasing funds is determined by means of deducting the noncommodity expenditures, as well as funds applied toward savings, from the total money income of the population. The purchasing funds represent the total possible purchasing power of the population for various consumer goods, sold through Soviet trade channels. A corresponding amount of commodities must meet this effective demand.

The adjustment of the retail commodity turnover volume of state and cooperative trade to the purchasing power of the public is one of the requisites for sound economic planning of retail commodity turnover in the USSR as a whole; in urban and rural areas; and in union republics, oblasts, and administrative rayons. Estimates (raschety) of money incomes and expenditures of the population in the USSR as a whole are drawn up by Gosplan USSR, Ministry of Finance USSR, and Ministry of Trade USSR. In the union republics, estimates of money incomes and expenditures are worked out by the ministries of trade and Gosplan of the union republics; and in krais, oblasts, and cities, by local organs of the Ministry of Trade USSR and planning commissions of the oblast or kray executive committees and city executive committees.

In the state plan for the development of the USSR national economy, the volume of retail commodity turnover is established according to trade systems and union republics. State trade makes up 70 percent, and cooperative trade 30 percent, of the total volume of retail commodity turnover. Trading enterprises of the Ministry of Trade USSR, representing the chief system of state trade, handle about two thirds of the total turnover in state trade, and main administrations of workers' supply of industrial ministries and departments handle 27 percent of the total volume of state trade.

The network of consumer cooperatives handles more than 90 percent of all cooperative trade. To determine the necessary volume of commodity turnover of the consumer cooperatives, balance sheets of the money incomes and expenditures of the rural population are drawn up. During recent years, commodity turnover in rural areas has increased at a higher rate than turnover in urban areas. During 1953, when the physical volume of commodity turnover as a whole in the USSR increased 21 percent, commodity turnover of the Central Union of Consumer Cooperatives increased 24 percent; and during 1954, when the total volume in the USSR increased 18 percent, the turnover of the central union increased 29 percent. The increase in the wage fund of a given ministry serves as a basic index of fluctuations of money incomes of workers and employees served by the ORS (Workers Supply Divisions) of any ministry or department. Ministries having very high rates of increase in wage funds are allotted by plan very high rates of increase in retail commodity turnover volume for the worker supply divisions.

Basic goals in the development of republics, oblasts, and cities must be taken into account in planning retail commodity turnover -- the planned increase in the volume of industrial production and construction, tasks of the party and government in the new land regions, etc. During the postwar period,

STAT

retail commodity turnover in areas of the Urals, Western Siberia, Kazakhstan, and Central Asia increased considerably. In 1954, commodity turnover in the Kazakh SSR increased more rapidly than in other union republics with the migration of many tens of workers to the virgin and long-fallow areas.

In planning the commodity turnover of rayons, it is necessary to take into consideration the purchases made by visitors from other areas. According to the 1954 records of the Minister of Communications, about 450,000-460,000 people visit Moscow daily, the majority of them making numerous purchases. Therefore, the retail commodity turnover of Moscow city over a period of years exceeds the purchasing power of Moscow residents.

In drawing up the state plan of retail commodity turnover, an analysis is made of the commodity turnover plan fulfillment by the USSR as a whole; by union republics, and urban and rural areas; and by trade systems and organizations. The data on the turnover of the retail trade network is kept separate from that of the public eating enterprises, as well as that of the plan fulfillment for individual commodity groups.

The retail commodity turnover plan also provides for the expansion of public eating, which comprises an average of 12-13 percent of the total volume of USSR retail commodity turnover.

The three basic groups of commodities utilized in planning retail commodity turnover are as follows:

1. Allocated commodities (fondiruyemye tovary) -- for which the marketable stocks are determined centrally according to the state supply plan (bread products, meat products, fish products, fats, sugar, confectionery products, textiles, clothing, footwear, furniture, etc.).
2. Controlled commodities (reguliruyemye tovary) -- for which the marketable stocks are determined by the supplying ministries according to an agreement with the Ministry of Trade USSR, or individual government decrees (beer, salt, perfumery, haberdashery, radio receiving sets, clocks and watches, bicycles, metalware, quality dishware, etc.).
3. Nonallocated commodities (nefondiruyemye tovary) -- commodities produced primarily by local industry and producer cooperatives, as well as goods manufactured by trading organizations themselves, products of subordinate establishments of ministries and departments, purchases of agricultural products by consumer cooperatives, and other decentralized commodities.

In 1954, allocated commodities constituted more than 60 percent of the total volume of marketable commodity stocks. In the years 1953-1954, in connection with the decisions of the party and government concerning measures for developing kolkhoz production incentive and increasing the purchasing power of the rural population, the list of allocated commodities has been somewhat expanded at the expense of household commodities and commodities used in production. At present [January-February 1955], large quantities of trucks, lumber, roofing materials, large-section and small-section steel, narrow-gauge rails (for construction of livestock farms), locomobiles, electric motors, cement, etc., are sold on the market.

Local commodities at present share comparatively little in the planned retail commodity turnover. This is to a certain extent a reflection of the excessive centralization in effect even now in the planning of commodity turnover and commodity stocks.

STAT

The supply of commodities to the retail trade network is calculated in average retail prices determined by computing (raschetnyy) methods, which also take into account the assortment and quality of commodities allocated as marketable stocks.

In their physical form, commodities supplied to the trade network are divided into two categories: (1) food commodities and (2) nonfood commodities.

The supply of marketable commodity stocks to the retail network must, as a rule, somewhat exceed the retail commodity turnover volume, because in the first place commodity stocks present in the trade network must always be increased correspondingly with the increase of commodity turnover. According to government decree, the [time] norm for current commodity stocks retained by retail trade organizations of the Ministry of Trade USSR has been set at 55 days, and for consumer cooperatives at 63 days. The absolute amounts of normalized commodity stocks (in monetary terms) are increased proportionally with the increase of commodity turnover volume.

Secondly, the replacement of natural commodity losses must be provided for in the commodity supply plan, according to the established norms.

In the third place, the commodity supply plan must provide a reserve for the reduction of retail prices in the planning period. As it is known, the Fifth Five-Year Plan for the Development of the National Economy of the USSR provided for the reduction of retail prices on the average of 23.5 percent over the 5-year period. This task was fulfilled early -- in 4 years. In the annual national economic plans, according to directives of the party and government, an increase in commodity stocks is provided in amounts necessary to guarantee the planned retail price reductions.

In planning retail commodity turnover, it is necessary to guarantee not only the total amount of commodity stocks in monetary terms, but also the assortment (composition) of commodities. The supply of commodities to the retail network must correspond to popular demand in composition and assortment, to the greatest possible extent.

During the postwar period, there was considerable improvement in the composition of retail commodity turnover. The share of nonfood commodities in the over-all commodity turnover increased from 37 percent in 1940 to 45 percent in 1953. The share of the most important food commodities -- meat and dairy products, sugar and confectionery products -- and of the nonfood commodities -- cultural and household goods, including radio receiving sets and bicycles, etc. -- was increased.

The documents which reflect consumer demand for goods in the USSR as a whole are the plans and orders for marketable commodity stocks of the Ministry of Trade USSR and the Central Union of Consumer Cooperatives worked out and presented by them in the planning period and based on the orders of their main administrations and local trade organs. However, these plans and orders of the Ministry of Trade USSR and central union in a number of cases do not meet the required demand, and do not always reflect actual consumer needs correctly. This is the result of unsatisfactory analysis of consumer demand for goods by trading organizations. A method of analysis and study of popular demand has not as yet been worked out by the Ministry of Trade USSR, and the data received in individual cities and industrial centers with regard to local demand for certain goods have not been generalized.

Marketable stocks of the major food and manufactured goods are determined on the basis of material balances and the plans of the distribution of allocated production. The balances and plans of commodity distribution take into account commodity stocks which are present in industry and the wholesale bases

STAT

at the beginning of the planning period, and goods arriving from production and other sources. The expenditure section of the commodity balance takes into account the allocation of resources according to main items of expenditure, chief of which is marketable stocks. In terms of Soviet trade expansion, and increase in the share of marketable stocks in consumer-goods production is a normal development.

On the basis of the over-all marketable stocks established for the USSR as a whole, marketable stocks of the major food and manufactured commodities are determined for the union republics and the largest cities by taking into account the retail commodity turnover plan, the nature of popular demand for individual goods, the presence of local commodity resources, and other economic factors.

The supply of commodities to the retail trade network is established for the USSR as a whole in the state plan of development of the national economy. The Ministry of Trade USSR and the ministries of trade of the union republics draw up the plans of commodity supply of the retail trade network in the union republics, and the ministries of trade of the respective union republics draw up the plan for oblasts, krays, and republics.

However, it is necessary to point out that ministries of trade of the union republics are not giving sufficient attention to this problem. Trade operations show that the ministries of trade of several union republics and the main administrations of workers' supply of the ministries fail to work out annual plans of commodity supply for oblast and kray retail trade organizations and ORS enterprises, in most cases, setting up only quarterly apportionments for certain allocated and controlled goods.

Thus, in a number of cases there exists a disparity between the commodity turnover plan and commodity supply. This disparity at the present time is the chief shortcoming in planning the development of Soviet trade.

After the commodity turnover plan is approved by the government, the Ministry of Trade USSR and the respective union centers of the trade systems submit it to the trade organizations and enterprises.

The Ministry of Trade USSR also submits the summary (svodnyy) plan for the development of Soviet trade to the union republics which includes the following basic indexes: volume of retail commodity turnover, with separate allocations for local trade organizations; marketable stocks of allocated commodities; the plan for expanding the trade network, bases, and warehouses, and the plan for putting specialized stores into operation.

On the basis of the total volume of turnover of local trading organizations established for republics, oblasts, krays, and cities, ministries of trade of the union republics, and oblast, kray, and city trade divisions draw up a commodity turnover plan for each trading organization separately (food trading organizations, manufactured goods trading organizations, local eating trusts, and other organizations of local subordination), and allocate marketable commodity stocks to them. After the retail commodity turnover plan has been approved by the councils of ministers of the union republics, and by the oblast, kray, and city executive committees, the ministries of trade of the union republics, and the oblast, kray, and city trade divisions submit it to the trading organizations.

The Ministry of Trade is responsible for the over-all supervision of the commodity turnover plan fulfillment and other plan goals concerning the development of trade in all trade systems, as well as of the fulfillment by ministries and suppliers of the commodity supply plans established by the government, and

STAT

of the fulfillment of the retail commodity turnover plan for the USSR as a whole. Ministries of trade of the union republics and the oblast, kray, and city trade divisions have control over the fulfillment of the over-all commodity turnover plan approved for a given republic, kray, oblast, and city, and the marketable commodity stocks sales plan.

Excessive centralization in planning commodity turnover and marketable stocks for the trade systems, and for the union republics, krays, oblasts, and cities has been detrimental to the development of trade.

In order to eliminate excessive centralization in the planning of commodity stocks, the number of allocated (fondiruemye) commodities for 1955, as well as the number of trade systems and the lists of cities and oblasts receiving goods by the centralized system, was reduced. Thus, the food and manufactured commodities that in 1954 were allocated to 31 trade systems (including the retail trade network of main administrations of the Ministry of Trade USSR) are in 1955 allocated only to 11 largest trade systems (including Central Union of Consumer Cooperatives, and main administrations of workers' supply of the Ministry of the Coal Industry USSR, Ministry of Petroleum Industry USSR, Ministry of Ferrous Metallurgy USSR, Ministry of Nonferrous Metallurgy USSR, Ministry of Communications, Ministry of Timber Industry, Ministry of the River Fleet, and several other main administrations of workers' supply). Marketable stocks for the remaining trade systems are allocated locally by oblast, kray, and city divisions according to commodity turnover plans instituted for them.

The number of commodities, the marketable stocks of which are allocated centrally to ministries and departments having a retail trade network, has also been reduced considerably. While in 1954 marketable stocks of 76 food and manufactured goods had been distributed to trade systems, the marketable stocks of only ten major commodities (meat, sausage products, canned meat, butter, herring, woolen textiles, sewn goods, and leather and felt footwear) were allocated to trade systems in 1955. Marketable stocks of the remaining commodities are determined locally.

In 1954, a plan of allocating marketable stocks by territorial divisions was drawn up by the Ministry of Trade USSR for the union republics and 21 oblasts and cities. Beginning in 1955, marketable stocks are allocated only to union republics and to Moscow and Leningrad. The remaining cities and industrial centers are issued marketable commodity stocks by the councils of ministers of the respective union republics. In 1954, marketable stocks of 175 commodities were allocated centrally in oblasts and republics, while in 1955 only 50 major commodities will be allocated in union republics and Moscow and Leningrad. The sale of the remaining marketable goods will be carried out by the main administrations of wholesale trade of the Ministry of Trade USSR, according to contracts and orders of trading organizations.

Changes that are being made at the present time in the system of planning marketable stocks in republics, oblasts, cities, and in trade systems are intended to increase the responsibility of the councils of ministers of the union republics, the ministries of trade of the union republics, and local organs in expanding commodity turnover, allocating marketable stocks correctly, and including additional commodity resources in commodity turnover.

The Ministry of Trade USSR is authorized to make changes in the commodity turnover plan of the union republics of up to 2 percent of the over-all retail commodity turnover volume in the republic, while the Central Union of Consumer Cooperatives is authorized to make changes of up to 3 percent of the over-all

STAT

retail commodity turnover in the consumer cooperative system. The Ministry of Trade and the central union can thus correct the commodity turnover plan, taking into account past fluctuations in popular demand, and can make the planning of commodity turnover more flexible and operative.

An important item in the plan for the development of Soviet trade is the plan of expansion of the retail trade network, which is established for the Ministry of Trade USSR, the Central Union of Consumer Cooperatives, the main administrations of the industrial ministries and departments, and other trade systems indivisually according to retail trade and public dining.

It must be pointed out that even at the present time trading organizations are not giving sufficient attention to the problems of expanding the trade network and the warehouse system, which are considerably lagging behind the development of commodity turnover.

In 1953, the retail commodity turnover increased 79 percent in comparison with 1940, while the number of enterprises in the retail trade network increased only 14 percent.

Expansion of the retail trade network is carried out in three basic ways: (1) new construction, (2) utilization of facilities on the ground floors of new buildings, and (3) adaptation of existing facilities for trade purposes. At the present time, the chief means of expanding the trade network is the utilization of trade facilities on the ground floors of new residential buildings. In drawing up the plan for the expansion of the trade network, particularly in large cities and industrial centers, it is necessary to utilize the complete area on the ground floors of new residential establishments for trade purposes.

The correct location of trading enterprises in oblasts, krays, republics, and cities is very important to the improvement of trade service to the population. A survey indicates that the trade network of oblasts and large cities is improperly distributed: stores, dining rooms, and restaurants are concentrated primarily on central streets, while the number of enterprises in the outskirts is inadequate.

The plan for reducing distribution costs is also an important part of the plan for development of Soviet trade. In 1953, distribution costs in the Ministry of Trade system amounted to 4.84 percent in retail trade (4.84 kopeks per ruble of turnover) and to 13.3 percent in public dining (13.3 kopeks per one ruble of turnover). The state plan for the development of the national economy establishes specific tasks for state and cooperative trade organizations to reduce their distribution costs.

In determining the tasks for reducing the distribution costs, accounts of distribution costs by individual items are drawn up. The primary and largest expenditure is for the wages of trade workers, which amount to 38-40 percent of the over-all amount of distribution costs.

Another large item of expenditure is for transport, which amounts to approximately 23-25 percent of the total volume of distribution cost. A large number of trading organizations have succeeded in reducing distribution costs considerably through the utilization of route delivery service.

Distribution costs must also cover interest paid for credit received by trading organizations from the State Bank. During the period 1952-1953, trading organizations paid excessive amounts of interest to credit institutions for loans received. These loans were necessitated by the presence of above-normal commodity stocks in the trade system, and consequent credit requirements in excess of the planned amount.

- E N D -

- 7 -